

Week Ending Friday, April 19, 1996

**Remarks on Trade With Japan and
the Recess Appointment of the
Secretary of Commerce and the
Nomination of the OMB Director**
April 12, 1996

Thank you very much. Mr. Vice President, Ambassador Kantor, Senator Levin and Congressman Levin, all the distinguished leaders from the auto industry and Mr. J.C. Phillips from the UAW, and to Jim Hill, all the people here from the agencies that are part of our Nation's economic team that really worked so hard to achieve these results. I welcome all of you here.

I want to thank you for what you said, Jim. I am a car guy. I was 6 years old the first time I crawled underneath a 1952 Buick in my father's tiny dealership in Hope, Arkansas, population 6,000, and I never quite got over it. And one of the things that I promised myself I would do if I ever got a chance to have an impact on it was to give the American automobile industry the chance to be rewarded for its willingness to compete. And that is what we have worked hard to do in this administration.

I just saw something—Mickey Kantor and I walked outside, along with the Vice President, Mr. Panetta, and I saw something I never thought I would live to see. And just 4 years ago, if you had told me that I would see it, I'm not sure I would have believed it—right-hand drive American models made by American workers in American plants bound for Japan; a Ford Taurus, a GM-built Cavalier, a Chrysler Neon built for the Japanese market where consumers are now freely buying tens of thousands more American cars than ever before. These new exports, as others have said, are the results of efforts by our car makers and our economic team. We have worked to expand our trade on fair terms not only with Japan but with others throughout the world. These exports show what we can do when we truly work together

and when others work with us in a spirit of cooperation and mutual benefit.

The boost in sales is tremendous news for American workers, for our auto and auto parts manufacturers, for our strong relationship with Japan. I also want to say it is good news for the people of Japan. When I first went to Japan in 1993, I said to the Japanese people what I will have the opportunity to reiterate in just a couple of days: We have no more important bilateral relationship. We are bound together in our support for democracy and freedom and for the security of freedom-loving peoples in Asia and now elsewhere as Japan has shouldered bigger and bigger burdens to help us all pursue the goals that we share. We also know that if we have a free and open trading relationship with them, it will help their economy, it will give their consumers more choices, and it will help both nations to be more competitive as we hurtle our way forward into the 21st century.

Just 3 years ago our ties were strained by a trading relationship not beneficial to our Nation. The trade wasn't working, but the ties weren't working either. Today our relationship is working better for both of us. There's a lot to be done. In a big and complex relationship like ours there will always be a lot to be done. But we are strengthening and deepening our relationship. It is now a powerful force for creating opportunity, for advancing democracy, and for improving the quality of life in both our countries.

I also want to say that, as Ambassador Kantor said earlier, I believe that the right kind of trade is critical for our Nation's future. I believe the position of the United States must always be that we favor open trade. We are not afraid to compete. We believe we can win. But if we're going to live in a world where we want others to raise their standard of living to our level, and we no longer control anything like the percentage of the gross national product we did at the

end of World War II, then, fine, we'll compete, and we'll help others to advance. But we expect the same access to foreign markets that we give foreign producers to ours. It is a simple rule and one we have followed. It is a critical part of our economic strategy.

When I became President job growth was slow, the deficit was exploding, more than twice as high as it is now. We did two things. We put in place an economic strategy, lowered the deficit, cut it in half in 4 years, get interest rates down, increase investments in education and training, in research and technology, reform and shrink and make more effective the National Government, and expand trade on terms both free and fair. That strategy has been implemented by a national economic team, the first time we ever had a fully functioning National Economic Council to parallel our National Security Council, to integrate, plan, and implement the economic strategies of this country and to work in full partnership with the private sector.

We now have 8½ million more jobs than we had just 3 years ago. And I might say, of the G-7 countries, that's more than 8 million more than the other six nations combined. We have the lowest combined rates of unemployment and inflation in 27 years. And trade has been critical to that; as Ambassador Kantor said, 200 separate agreements—20 with Japan alone, now 21. Our exports are at an all-time high, our auto producers now leading the world.

Even more important, we have a framework agreement in our relationship with Japan which establishes a comprehensive system for dealing with problems that inevitably arise between two great nations. As a result, our exports there are up over 30 percent; in the areas covered by the agreements, up 85 percent. Today, exports to Japan support more than 800,000 good-paying American jobs, including 150,000 new ones since 1992. Most of these are good, high-wage jobs because jobs tied to exports on average pay 15 percent above the national average wage. We are, therefore, in expanding our trade to an all-time high—a full third in the last 3 years—slowly helping to change the wage picture that has bedeviled so many American workers who think that they'll work harder and harder and never get a raise.

In 1992, 6 percent of our new jobs were in high-wage industries. In 1995, almost 60 percent of our new jobs were in high-wage industries. This strategy will work. It is not a miracle; it will not work overnight. It plainly depends for its success primarily on the willingness of American workers and American business leaders to work together, to be competitive, to be productive. But it will work. This report shows the difference this approach will make.

Last year we reached a landmark agreement that increased our access to the Japanese market for autos and for auto parts. One of the many legacies of our friend Secretary Ron Brown was the establishment with Ambassador Kantor of a team to monitor and enforce the agreement. This report shows that since the agreement was signed, sales of American-made autos have increased by more than a third. Sales of American-made cars, trucks, and vans rose more than 225 percent between 1992 and 1995, including over 58,000 Big Three cars exported from the U.S. just last year. In the first 2 months of this year, our people sold one-third more autos to Japan than in the same period last year. So the movement is all in the right direction.

In auto parts, exports over the last 3 years up 60 percent, to \$1.6 billion last year. Now, to give you one example of the evidence that this agreement and its faithful implementation and your work has made, Tenneco Automotive of Houston spent 25 years attempting to break into the Japanese market. Now their Monroe shock absorbers will be sold in almost 7,500 Japanese shops.

These developments are part of the rebirth of our auto industry, an industry that lost 49,000 jobs in the 4 years before I took office and has gained about 80,000 in the 3 years since. Because of the partnership between labor and management, for the first time in 15 years, last year the United States auto industry again was number one in the world. So again, let me thank the representatives of the Big Three, the many auto parts producers, and all the workers who have worked so hard to make our belief in this economic strategy a reality.

The Big Three will be introducing 17 new right-hand models for the Japanese market

in the next 2 years. To those of us who have any memory of this, it seems almost inconceivable. But you always believed you could compete with anybody, anywhere, as long as you had a level playing field. I still believe that. I know we're right. And I know all Americans will be very proud of these results.

Let me just say one other thing about the trade issue. I'm happy about the debate in America on trade today, but I sometimes think it falls into two camps which don't reflect the real world. There are people who say, well, America has got a lot of folks who haven't gotten a raise in a long time, and we may be creating a lot of jobs but there are people who are losing jobs. Well, that's true. But it is also true everywhere in the world. It is not true that the answer is to put a wall up around America and walk away from our obligations and our opportunities to compete and win. If we did that, we would pay a terrible price.

Then there are others who say, well, we ought to be for free trade, but we shouldn't worry so much about all these specific agreements and all these details. We shouldn't have governments negotiating this, we ought to just sort of get out of the way and see what happens and hope for the best. We tried it that way and it didn't work out very well.

Both of those arguments are wrong. Neither reflects an understanding of how the real world works. The right policy is to be for free and fair trade. The right governmental action is to support a genuinely competitive marketplace, help to create it, and then get out of the way. That is the proper policy. If we put up walls, what would happen to the jobs of the people who make cars in plants like the Chrysler plant in Belvidere, Illinois, or Fords in Atlanta or Chevrolets in Lorain, Ohio, that produce those right-hand drive vehicles we just saw? On the other hand, if we didn't want to hold others to the same standards we expect to meet in world competition, what would happen to all the jobs of the people who would not be able to stand against the kind of unfair practices we have seen practiced in the past?

We made a good start in the auto industry. The Japanese have proceeded in good faith. I think it's been good for them as well as

us. I hope that we will see the day when these policies will be the law of the world, when the World Trade Organization, because of GATT, really will have an integrated world trading system. I hope we will see the day when we will see these kinds of benefits in dealing with all of Asia, all of Latin America, all of Europe, all of Africa, all of the countries that were formerly part of the communist bloc.

But I know this: These people in the auto industry have proved that our policy works. I thank you, Senator Levin and Congressman Levin, for your work. I want to thank all the people in our administration, the economic team and, most of all, I want to thank the workers and the managers in the auto industry for proving that we're doing the right thing.

Now, before I close let me just make one more announcement. We could not have done what we did here if we hadn't had a vision not only of the economic policy we wanted to pursue, but also of how we wanted to pursue it. We put together an economic team for the first time in the history of this Government that really functions. I can't imagine why it had never been done before, but it hadn't.

There were a lot of different power centers in the Federal Government allegedly making economic policy. We decided to change that. We had a good strategy, good teamwork, and good players. We didn't have a better player than the late Secretary of Commerce Ron Brown. Nobody was more determined that American workers and companies would get a fair shake around the world, and his extraordinary efforts are a model for us all.

He memorized—as I said at his memorial service the other day, he made every Department of Commerce employee memorize a one-sentence mission statement that ought to be the mission of everybody in our Government: Our mission is to ensure economic opportunity for every American.

Well, we still have to do that, and I don't want to miss a beat. And I am determined that we will continue on the work that Ron Brown was engaged in the last day of his life. So today I am proud to announce that I intend to appoint Ambassador Mickey Kantor to be the next Secretary of Commerce. And

I will send his nomination to the Senate promptly.

This is not an easy time for the people at the Commerce Department, but they will do fine. And I think that we need to send a clear signal to the rest of America and to the world that we don't intend to miss a beat. We have got a strategy, we have got a team, it's working, and we're going forward with it.

No Trade Representative has ever amassed a record of achievement that surpasses Mickey Kantor's in the last 3½ years: GATT, NAFTA, 200 separate agreements, enforcement, the consequences that flowed from it. But frankly, it hasn't been easy. If you think that you have been to something tough, you ought to sit in those trade negotiations day-in and day-out, and then when you finish one, be told to get on an airplane to fly halfway around the world and get in the middle of another one.

I have heard Mickey say a thousand times he was 6 foot 4 and blond-headed when he came to work here. *[Laughter]* He and Ron Brown used to joke, you know, that they were the Alphonse and Gaston of our economic team. Mickey was the bad cop; Ron was the good cop. I thought we ought to give him the chance to be a good cop for a change. *[Laughter]* And I want to thank him for his service.

I also want to announce that I will ask his principal deputy, Charlene Barshefsky, who has been a brilliant negotiator for our country, to serve as acting U.S. Trade Representative. She has been a deputy there since I took office. She has been our chief trade negotiator in Latin America and in Asia. She is not here today because she is on her way back from a trade mission. And I have gone to many places and had world leaders ask me who she was because they virtually got tears in their eyes after 4 or 5 hours of trying to outmaneuver her. *[Laughter]* So I want to thank her in her absence.

Finally, I want to make one more announcement. In just a few days we will have another very important vacancy in our economic team, one that has been critical to the success of our plans to being able to cut the deficit in half and continue to invest in America's priorities, and that is the Director of

the Office of Management and Budget. I have been very blessed to have two outstanding Directors, and I gave them both other jobs.

Leon Panetta is now serving with great distinction as the White House Chief of Staff and longs for the days when he used to have that other job. *[Laughter]* Alice Rivlin will soon be moving on to become the Vice Chair of the Federal Reserve Board, and therefore the object of our complaints whenever the economy is not growing as we think it should. *[Laughter]* And so there is, or soon will be, a vacancy at the Office of Management and Budget. And I am pleased to announce today that I intend to nominate as the next director, Franklin D. Raines.

Frank Raines has had extensive experience in Government and in the private sector. He worked at OMB and on the domestic policy staff under President Carter. Since 1991, he has served in the very important position of vice chair of the Federal National Mortgage Association, Fannie Mae. He knows the world of finance, he respects the bottom line. He also understands, I know from our work in the transition and from a conversation we had just yesterday, the very real, human impact the work of the budget has on the American people, and the opportunities they will or will not have to make the most of their own lives. So I am very proud to ask him to join our team.

I, frankly, was a little surprised that he was willing to leave that incredibly lucrative position—how shall I say it. *[Laughter]* So I told Frank when he came here that he was about to join the ranks of Bob Rubin and Mickey Kantor and a number of other successful people who came into this administration to help save the middle class, and when they leave they'll be part of it. *[Laughter]*

As you might imagine, this has been a profoundly moving and difficult week for all of us in our political family. Mickey Kantor and I were particularly close to Ron Brown; we loved him very much. I am doing what I think is the right thing to do today for the economic interests of America's business and for the future of all those workers who deserve the opportunity that is set out in the Commerce Department's mission statement. I've known Mickey Kantor a very long time. Ex-

cept for the color of their skins, the careers that he and Ron Brown had are remarkably parallel over a long period of time. And if he does as well at Commerce as he did at the trade office, we are in very good hands indeed.

I also want to thank Frank Raines for proving once again that this country is full of patriotic Americans who love their country, who are willing to serve, and who are willing to make real, tangible sacrifices to serve, because the work of democracy, the work of citizenship is what makes the rest of this country move and go.

I thank them both, and I'd like to ask if each, in their turn, they'd like to come up and just make a few remarks. First, Mickey Kantor.

NOTE: The President spoke at 2:40 p.m. in the East Room at the White House. In his remarks, he referred to J.C. Phillips, chairman, United Auto Workers Local 882, and Jim Hill, Atlanta plant manager, Ford Motor Co. This item was not received in time for publication in the appropriate issue.

Message to the House of Representatives Returning Without Approval Foreign Relations Legislation

April 12, 1996

To the House of Representatives:

I am returning herewith without my approval H.R. 1561, the "Foreign Relations Authorization Act, Fiscal Years 1996 and 1997."

This legislation contains many unacceptable provisions that would undercut U.S. leadership abroad and damage our ability to assure the future security and prosperity of the American people. It would unacceptably restrict the President's ability to address the complex international challenges and opportunities of the post-Cold War era. It would also restrict Presidential authority needed to conduct foreign affairs and to control state secrets, thereby raising serious constitutional concerns.

First, the bill contains foreign policy provisions, particularly those involving East Asia, that are of serious concern. It would amend the Taiwan Relations Act (TRA) to state that

the TRA supersedes the provisions of the 1982 Joint Communiqué between the United States and China. The 1982 Communiqué has been one of the cornerstones of our bipartisan policy toward China for over 13 years. The ongoing management of our relations with China is one of the central challenges of United States foreign policy, but this bill would complicate, not facilitate that task. The bill would also sharply restrict the use of funds to further normalize relations with Vietnam, hampering the President's ability to pursue our national interests there and potentially jeopardizing further progress on POW/MIA issues. If read literally, this restriction would also raise constitutional concerns.

Second, the bill would seriously impede the President's authority to organize and administer foreign affairs agencies to best serve the Nation's interests and the Administration's foreign policy priorities. I am a strong supporter of appropriate reform and, building on bipartisan support, my Administration has already implemented significant steps to reinvent our international operations in a way that has allowed us to reduce funding significantly, eliminate positions, and close embassies, consulates, and other posts overseas. But this bill proceeds in an improvident fashion, mandating the abolition of at least one of three important foreign affairs agencies, even though each agency has a distinct and important mission that warrants a separate existence. Moreover, the inflexible, detailed mandates and artificial deadlines included in this section of the bill should not be imposed on any President.

Third, the appropriations authorizations included in the bill, for fiscal years 1996 and 1997, fall unacceptably below the levels necessary to conduct the Nation's foreign policy and to protect U.S. interests abroad. These inadequate levels would adversely affect the operation of overseas posts of the foreign affairs agencies and weaken critical U.S. efforts to promote arms control and nonproliferation, reform international organizations and peacekeeping, streamline public diplomacy, and implement sustainable development activities. These levels would cause undue reductions in force of highly skilled personnel at several foreign affairs agencies at a time